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SUBJECT: SLOVENIA LOOKS TO REJUVENATE ITS TRANSPORT  
INFRASTRUCTURE; COM MEETS NEW SLOVENIAN TRANSPORT MINISTER

1. Summary: In a February 24 courtesy call, new Slovene Minister of Transport, Janez Bozic, highlighted for COM his goals for revitalizing Slovenia's transportation infrastructure in all four sectors of his portfolio: roads, railways, sea transport, and aviation. Railway development is Bozic's top priority, with EUR 100 million in investment planned by 2007, half of that EU funds. COM raised the long-delayed installation of radiation detection portals at the Port of Koper with the Minister. Bozic and his team were enthusiastic and made a very positive first impression. End Summary.

2. COM, accompanied by DCM, Pol/Econ Chief and FSN Econ/Commercial Specialist, called on the new Slovenian Minister of Transport, Janez Bozic (pronounced Bozhich), February 24. Bozic was joined in the hour-long meeting by his State Secretary Peter Verlic and Chief of Staff Gordana Grahek. Bozic spoke quickly and mostly in Slovene throughout the meeting. He showed a complete command of his portfolio, probably because his previous position prior to joining the Government as the head of DARS, the public company that runs Slovenia's highway network, prepared him well for his new challenge at Transport.

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ROADS  
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3. Bozic emphasized that the road sector is the most developed of the transportation sectors in Slovenia and the highway "cross" of the 5th and 10th Pan-European corridors is almost finished. He called the condition of the 750 kilometers of highway in Slovenia "excellent," but indicated that much more attention must be paid to the 6,000 kilometers of national (secondary) roads, which are in poorer condition. Bozic said that not only rehabilitation, but also construction of new roads, bypasses and rings is necessary around Slovenia's more busy, industrial cities such as Maribor, Celje and Jesenice.

4. Since 1995, Slovenia has invested nearly EUR 3 billion in highway infrastructure. According to the minister, one half of that amount was acquired through loans from several sources, including the European Investment Bank. These loans are being repaid with tolls collected throughout the highway system. The Ministry estimates an investment of approximately EUR 1 billion is needed in the national road system over the next 6-8 years.

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RAILWAYS  
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5. According to Bozic, much greater emphasis will be given to the development of the railroad system in Slovenia in the coming years. Estimates suggest EUR 1 billion in expenditures will be necessary for upgrades and improvements. The Ministry's aim is to ensure greater transportation capacity to and from the Port of Koper via railroad, which is considered an environmentally cleaner alternative to road transportation. Despite the interest of neighboring countries and France, the Minister believes a high-speed railway is not a realistic plan for Slovenia, as cost estimates go beyond EUR 5 billion. (NOTE: Bozic's deputy, State Secretary Verlic, came to the Ministry from Slovenia's national railway. END NOTE.)

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SEA TRANSPORT  
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6. Bozic described Slovenia's interest in the facilitation of "seaway motorways." He is keen on the idea of clustering the Adriatic ports (Koper, Trieste, Rijeka, Ancona) and adopting a uniform and compatible system among them. As he sees it, this would create a counterweight to the economically powerful North Sea ports and increase the region's competitiveness. According to Bozic, a uniform port system would create "seaway motorways," which would ultimately increase trade in the Adriatic region. The GoS is also a majority owner of the Port of Koper, hence the

strategic vision of the Ministry of Transportation will directly impact the development of the Port.

17. COM mentioned to the minister the agreement currently being worked out between the GoS and USG, which would place radiation detection monitors in the Port of Koper as part of an anti-terrorism program. The minister was not aware of this project, but thanked the COM for the information.  
(NOTE: Once an implementing is hammered out between the US

Department of Energy and the Slovene Ministry of Finance, these portals will go into the Port of Koper and at least one major land crossing. Negotiations are set to continue in Ljubljana in mid-March. END NOTE.)

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AVIATION  
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18. Concerning the fourth sector of the Ministry's activities, aviation, Bozic is most interested in achieving the ratification by Parliament of an agreement signed with the Committee for European Airspace Coordination (CEAC). Under this project, Slovenia would become part of EUROCONTROL, a Europe-wide unified military and civil airspace control organization. The Minister asked COM for his help in pushing this issue in Slovenia through NATO channels, as Bozic believes work needs to be done to convince the National Assembly of the positive implications of this organization. The Ministry will also focus on the importance of developing the largest three civilian and military airports: Brnik, Maribor and Cerklje as part of the country's development agenda.

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PRIVATE-PUBLIC PARTNERSHIPS (PPP)  
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19. COM commented on the positive experience of PPPs and the possible implications they may have in the development of infrastructure. COM also applied this to the case of Port of Koper, since much has been heard lately about the construction of its third pier. In his reply, Bozic emphasized two main challenges he saw with implementing PPPs in Slovenia. The first was lack of legislation to regulate this sort of development in Slovenia. The second, according to Bozic, was the lack of positive experiences with PPPs in Slovenia. He believes Slovenia is not yet ready for this type of endeavor, however, due to budgetary constraints, he conceded that it is necessary to consider all possibilities for financing the development of infrastructure.

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